

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

Amend the amendment on page 2 by striking out all of paragraph A (page 2, lines 10 to 28 in amendment) and inserting the following:

'A. A creditor may not extend a higher-priced mortgage to a consumer based on the value of the consumer's collateral without regard to the consumer's repayment ability as of consummation, including the consumer's current and reasonably expected income, employment, assets other than the collateral, credit history, debt-to-income ratio, current obligations and mortgage-related obligations.

(1) For purposes of this paragraph, mortgage-related obligations are expected property taxes, premiums for mortgage-related insurance required by the creditor as set forth in paragraph C and similar expenses.

(2) Under this paragraph, a creditor must verify the consumer's repayment ability as follows.

(a) A creditor must verify amounts of income or assets that it relies on to determine repayment ability, including expected income or assets, by the consumer's federal Internal Revenue Service Form W-2, tax returns, payroll receipts, financial institution records or other 3rd-party documents that provide reasonably reliable evidence of the consumer's income or assets.

(b) A creditor must verify the consumer's current obligations.

(3) An evaluation of a consumer's repayment ability must include:

(a) Verification of the consumer's repayment ability as provided in subparagraphs (1) and (2);

(b) Determination of the consumer's repayment ability using the largest payment of principal and interest scheduled in the first 7 years following consummation and taking into account current obligations and mortgage-related obligations; and

(c) Assessment of the consumer's repayment ability taking into account at least one of the following:

(i) The ratio of total debt obligations to income; and

(ii) The income the consumer will have after paying debt obligations.

,

(4) This paragraph does not apply to a temporary or so-called "bridge" loan with a term of 12 months or less, such as a loan to purchase a new dwelling when the consumer plans to sell a current dwelling within 12 months.

## **SUMMARY**

Like Committee Amendment "A" this amendment removes the presumption of compliance provision in the section of the bill relating to a creditor's obligation to verify a consumer's ability to repay a higher-priced mortgage loan. This amendment, however, also requires the creditor to evaluate certain information before verifying a consumer's repayment ability.